



penfold



## The Penfold Pension

# Key Features Document

## Introduction

The Penfold Pension is provided by Penfold Savings Limited (Penfold). **The Financial Conduct Authority is a financial services regulator. It requires us, Penfold, to give you this important information to help you to decide whether our Penfold Pension is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.**

If you are unsure whether this product, its features, investment options and charges are right for you then you should take appropriate financial advice. Penfold is not authorised to give you financial or investment advice. If you are 50 or over there is a free and impartial service called Pension Wise to help you understand what your choices are and how they work. This can be accessed online, over the telephone or face to face - see [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) or call 0800 138 3944



## Aims of the Penfold Pension

The pension plan is known as the Penfold Pension and is designed to let you:

- Save for retirement in a tax-efficient and flexible way.
- Build up a pension fund to give you an income and a tax-free cash sum at minimum pension age (currently age 55).
- Take control of your pension fund investments.
- Make transfer payments into your Penfold Pension from other suitable pension arrangements.
- Take benefits at retirement in stages, if you want to.
- Specify to whom you would like benefits to go on your death, although the decision rests with Penfold.

## Your commitments

Once you have commenced a Penfold Pension, you commit to:

- Pay money in and/or transfer benefits from other suitable pension arrangements.
- Take responsibility for the choice of the investments in your Penfold Pension.
- Comply with the Penfold Pension Terms and Conditions.
- Tell Penfold if you stop being eligible for a pension plan or you are aware that your contributions are not eligible for tax relief. Please see the Questions and Answers section for examples where this could be the case.
- Pay the fees in accordance with the Penfold Pension Charges Guide.

## Risks

Below are outlined risks associated with saving for retirement through a pension plan such as the Penfold Pension. Some of the risks below refer to the investment performance of the Funds in your Penfold Pension. Remember that you are responsible for the investment decisions. In many instances, the Fund you invest in will also have key information documents that outline the specific risks applicable to that investment and we recommend you read these as well as this document.

The favourable tax treatment for pension savings and for taking your pension benefits could change in the future. The age at which you can first start to take benefits could also change in the future (and the Government already has some plans to increase this from the current minimum pension age 55).

Investment performance may be better or worse than expected, which could affect the potential size of your Penfold Pension and therefore the benefits you receive.

The charges or fees you pay in relation to the Penfold Pension may be higher than expected, which could affect the potential size of your pension fund and therefore the benefits you receive.

Other things that can affect the potential size of your Penfold Pension and the benefits you receive include the amount you pay or transfer in to the Penfold Pension, or if you take benefits earlier than you were aiming for.

Investment conditions can also affect your pension income. If you convert your Penfold Pension to an annuity (i.e. purchase a policy from an insurance company that provides you with a regular income) then prevailing interest rates at the time of conversion will affect the amount of annuity you will receive. Generally speaking, lower interest rates mean lower annuity amounts, although annuity amounts are also affected by other factors such as life expectancy and your state of health.

Alternatively, if you decide to draw your pension income directly from your Penfold Pension then investment returns may not sustain your income requirement over the full course of your retirement.

There may be a delay in receiving benefits if some of your investments cannot be sold quickly.

You have a right to cancel your Penfold Pension within the first 30 days. Where you have invested during this period and you exercise your right to cancel then the amount returned will be the amount realised less any costs associated with the investment and subsequent disinvestment.

Whilst the Penfold Pension can accept transfers from other pension schemes, not all transfers may be suitable. The Penfold Pension will not accept any defined benefit or safeguarded benefit transfers. For all transfers you are responsible, with the help of a financial adviser if necessary, for ensuring that the

transfer of your other benefits to the Penfold Pension is suitable for you.

## **Questions and answers:** **About the Penfold Pension**

### **What is the Penfold Pension?**

The Penfold Pension is a personal pension plan that allows you to save for retirement in a tax-efficient and flexible way.

The benefits you can receive are subject to UK pensions legislation and the provisions of the Scheme Rules. The legislation includes rules about limits on the amount of contributions that can qualify for tax relief, the earliest age you can take benefits, and limits on what those benefits can be without incurring tax penalties, including the amount that can be taken as tax-free cash.

### **Who is the Penfold Pension for?**

The Penfold Pension is designed for those who make their own financial decisions and want a good value, simple and quick to use, App based pension to:

- Combine pensions in one place, without additional charges for doing so.
- Save regularly but flexibly for their retirement.
- Make investment decisions about their pension assets themselves.
- Withdraw money flexibly at any time after minimum pension age (currently age 55), while continuing to make investment decisions about their remaining pension fund assets.

If you are in any doubt as to whether the Penfold Pension is right for you, then you should consider speaking to a financial adviser.

### **Who will provide my Penfold Pension?**

Penfold is authorised and regulated by the Financial Conduct Authority. Penfold is the Operator and Administrator of the Scheme. This means Penfold will administer and manage the day to day running of your Penfold Pension, ranging from processing contributions, transfers, investments and paying benefits, to ensuring the Penfold Pension adheres to HM Revenue and Customs (HMRC) rules and regulations and the Scheme Rules.

Penfold also provides the digital systems to allow you to manage, give instructions and receive information about your Penfold Pension via Penfold's App. You can access the App using the iOS or Android app, or via our Website on your mobile phone, or via our Website at [www.getpenfold.com](http://www.getpenfold.com).

Penfold has appointed Seccl Custody Limited as the Custodian to provide the platform and systems on which investments will be held. Seccl Custody Limited

is authorised and regulated by the Financial Conduct Authority.

### **What are the Scheme Rules?**

The Scheme Rules are the legal documents that have established the Scheme under which the Penfold Pension operates. They comprise the trust deed and the rules governing the operation of the Scheme. The trust deed appoints the Trustee, which is Penfold Trustees Limited, and the Scheme Operator, which is Penfold Savings Limited.

### **Is this a Stakeholder pension scheme?**

No. Stakeholder pension schemes are a specific form of pension that must meet Government minimum standards relating to contributions, charges and provision of a default investment fund. Stakeholder schemes are generally available and it is for you to consider, with the assistance of a financial adviser, if required, whether one might meet your needs as well as the Penfold Pension.

### **Will my Penfold Pension have its own bank account?**

This type of pension plan does not have a separate bank account for each pension plan but operates under a designated Scheme Bank Account which is a pooled account run by the Custodian on behalf of the Trustee. Money paid in to or out of your Penfold Pension will go via this account, which may also hold uninvested cash.

### **What will my Penfold Pension be worth?**

The final value of your Penfold Pension will depend on how much is paid in, how long you invest for, the charges paid, and how well the investments perform.

You will be sent an annual statement showing how your Penfold Pension is doing. You can also check the value of your Penfold Pension whenever you wish on the App.

### **How much pension income will I get?**

This type of pension plan allows you, once you have attained minimum pension age (currently age 55), to draw as much or as little of your Penfold Pension as income as you like, when you like, along with offering different benefit options as explained under the 'Benefits summary' section below. How much pension income you will get therefore depends on your choices and many variable factors such as income tax, the value of your Penfold Pension and investment performance.

### **What are the charges?**

Penfold charges you a fee which is based on a percentage of the value of your Penfold Pension and is

deducted monthly from your Penfold Pension. The details of the fee are set out in the Penfold Charges Guide which you can find in the App and which you should read alongside this Key Features Document.

This fee includes the cost of administering your Penfold Pension which in broad terms covers such things as setting up your Penfold Pension, the ongoing administration, regulatory reporting and for carrying out certain transactions.

Please remember that asset managers may also charge for the purchase, sale and management of the assets held within your Penfold Pension. You should refer to their separate key information documents for details.

## **Paying into the Penfold Pension**

### **What are my options?**

#### **Contributions**

You (and most third parties) can make one-off or regular contributions to your Penfold Pension.

It is generally recognised that making regular contributions is a good habit to get into but you are not committed to maintain them.

Through the Penfold App facilities you have the flexibility to decrease or even stop your regular contributions should you need to.

Importantly you can increase them too when, for example, you feel you can afford to contribute more on a regular basis or you can even top up your regular contribution by making additional one-off contributions when it suits you.

Remember though, stopping payments, even temporarily, will reduce the possible value of your Penfold Pension at retirement.

Contributions can be made by bank transfer, direct debit, or any other method we may advise of from time to time.

#### **Transfers in**

You can transfer pension benefits into your Penfold Pension from other suitable pension arrangements. Please note that if you are transferring benefits from another pension scheme where you have tax free cash protection this protection may be lost on transfer.

The Penfold Pension can also accept transfers where you have those monies in “drawdown” (see the Benefits Summary below). However, if you are transferring monies in “capped drawdown” this will automatically be converted into “flexi-access drawdown” upon acceptance. Drawing an income will trigger the Money Purchase Annual Allowance, if not already applicable. You should consider this point before instructing any transfer and take advice from a financial adviser if in doubt.

### **Are there limits on what I can pay in?**

The Penfold Pension will only let you make contributions up to the limits allowed by HMRC.

All relevant UK individuals can pay, and get tax relief on, contributions up to £3,600 gross each year. If your earnings are in excess of £3,600 each year, your contributions can be higher – you may make gross contributions of up to 100% of your earnings (known as “relevant UK earnings”).

### **Tax reliefs and charges**

#### **Annual Allowance**

Your annual pension contributions on which you can receive tax relief are subject to a maximum amount known as the Annual Allowance, which is set each year by the Government. For the tax year to 5<sup>th</sup> April 2021, the Annual Allowance is £40,000. The Annual Allowance applies as a total limit across all of your registered pension schemes in a tax year. It covers:

- Your contributions in to pension arrangements in that year.
- Employer contributions to pension arrangements made in respect of you in that year.
- Certain increases in the value of retirement benefits you may have in a defined benefit pension scheme.

The Annual Allowance does not include the amount of transfers from other pension arrangements. They do not receive extra tax relief, so there is no upper limit on them. The Annual Allowance does not apply in a tax year in which severe ill-health benefit conditions are met or death occurs.

If you are a high earner i.e. have ‘adjusted income’ of over £240,000 and ‘threshold income’ of over £200,000 then your Annual Allowance will be subject to a tapered reduction of £2 for every £1 of earnings above £240,000 up to £312,000 subject to a minimum annual allowance of £4,000.

#### **Money Purchase Annual Allowance**

Where you have started drawing benefits flexibly from any registered pension arrangement, then your contributions to the Penfold Pension and other money purchase pension schemes on which you receive tax relief will be restricted to the much lower Money Purchase Annual Allowance. For the tax year to 5<sup>th</sup> April 2021, the Money Purchase Annual Allowance is £4,000.

#### **Annual Allowance Charge**

Any contributions made in excess of your Annual Allowance may be subject to an Annual Allowance charge. The amount of tax charged will be your highest marginal rate of income tax and will ordinarily be paid by you to HMRC via declaring the excess payment on your self-assessment tax return.

Where you were a member of a registered pension scheme but had not fully used your available Annual Allowance from the previous three tax years, you may be able to ‘carry forward’ that unused allowance and

include it in your self-assessment tax return which may reduce or eliminate the Annual Allowance charge.

If you think you may be close to, or exceed, an Annual Allowance and you are in any doubt about its impact, you should seek financial advice as this is a complex area.

## **How do I claim tax relief on what I pay into my pension plan?**

Your contributions can attract tax relief (subject to the Annual Allowance limits above).

Penfold will claim basic rate tax relief from HMRC and invest it in your pension plan. For example, for a contribution of £10,000 you would pay £8,000 and Penfold would reclaim £2,000 from HMRC. (This example is based on 20% basic rate tax).

Contributions are made net of basic rate tax irrespective of whether you are employed or self-employed. Contributions made by your employer are made gross.

If you pay income tax at a higher rate than the basic rate, you can claim the extra tax relief through your self-assessment tax return on your personal contributions.

As noted above, unused Annual Allowances for the previous three tax years may be "carried forward" for the purposes of making a contribution in excess of the Annual Allowance for the current tax year but not greater than 100% of your earnings. This cannot be used where you are subject to the Money Purchase Annual Allowance. You should take financial advice as this is a complex area.

## **Is there any tax relief on employer contributions?**

Employer contributions are not taxable as a benefit in kind for you and the employer will normally get tax relief on employer contributions as a business expense.

## **Can I make contributions if I have 'Enhanced Protection' or 'Fixed Protection'?**

If you have either Enhanced or Fixed Protection then it will be lost if you, or someone else makes a contribution in respect of you to the Penfold Pension. Losing Enhanced or Fixed Protection could have serious tax consequences as you may have to pay a Lifetime Allowance charge (See 'Is there a limit on benefits I can take from my Penfold Pension?' below for what this means).

Enhanced Protection was introduced to protect pension funds built up prior to 6th April 2006 from being subject to a Lifetime Allowance charge.

The Government subsequently reduced the Lifetime Allowance on three separate occasions on 6th April 2012, 2014 and 2016 and accordingly introduced Fixed

Protection to protect pension funds built up prior to each of those dates from the Lifetime Allowance charge.

Protection from the Lifetime Allowance is a complex area and if you are in any doubt as to whether making a contribution will affect any tax Protection you have (or might be eligible for), you should seek appropriate financial advice.

## **Investing in the Penfold Pension**

### **What can I invest in?**

You can invest in any one of a range of funds available through the Penfold App.

### **How do I decide what to invest in?**

The Penfold App will provide you with information on the funds available. This information does not constitute investment or financial advice. You are responsible for selecting the investments appropriate for you.

### **Limits**

### **Is there a limit on benefits I can take from my Penfold Pension?**

The maximum you can take from all your pension arrangements without incurring an additional tax charge is called the Lifetime Allowance (LTA), and is set each year by the Government. If you exceed the LTA (and any Enhanced or Fixed Protection you may have in respect of the LTA), you will be subject to the Lifetime Allowance charge. If the amount above your LTA is taken as pension income the charge is 25%, and if taken as a lump sum it will be 55%. The charge will be deducted from your Penfold Pension and paid to HMRC when paying your benefits.

The Lifetime Allowance is now increasing each tax year in line with inflation. However, in the past there have been a series of reductions. The Government has made it possible for individuals potentially affected by the reductions to apply for various types of protection from the Lifetime Allowance charge. If you have one of these protections (including Enhanced or Fixed Protection as mentioned above), or you think you might be eligible for one, you should take appropriate financial advice before starting a Penfold Pension.

Every time you take benefits from the Penfold Pension, some of your LTA is used up. Checks against the LTA are carried out at various points, including:

- Whenever you use part of your Penfold Pension to:
  - take a tax free cash sum
  - create a drawdown fund
  - purchase a lifetime annuity
- In the event of your death before age 75.

- At age 75 (if you still have funds in the Penfold Pension).

Lifetime Allowance charges (see above) apply to any further benefits taken once all the LTA is used.

At each of the above stages, an allowance is made for any tests that have already been carried out.

## Transfers

### Can I transfer out of my Penfold Pension?

You can transfer all or part of your Penfold Pension to another registered pension scheme at any time. However, if you have any funds in drawdown (see the Benefits Summary below), these can only be transferred in their entirety.

## Taking benefits from the Penfold Pension

### Benefits summary

Option	From minimum pension age (currently age 55)
Pension Commencement Lump Sum – also called a “tax free cash lump sum”	<p>Up to 25% of your Penfold Pension can normally be taken as a tax free lump sum when combined with designating funds to drawdown or purchase of an annuity.</p> <p>Note: receiving the Pension Commencement Lump Sum does not trigger the Money Purchase Annual Allowance.</p>
Buy a lifetime or five-year pension income, often referred to as an “annuity”	<p>An annuity can be purchased, the amount of which will be determined by the value of your Penfold Pension and annuity rates available at the time. An annuity will provide you with a guaranteed amount of pension, either for a number of years or until your death.</p> <p>Generally speaking, annuity rates depend on interest rates, life expectancy and the type of pension benefits you are buying (e.g. an increasing or level pension and whether any guarantees or dependants’ benefits are included). If you are in poor health or have a lifestyle that could adversely affect your life expectancy (e.g. heavy smoker), then you may get an enhanced annuity rate.</p> <p>Note: income received via an annuity does not trigger the Money Purchase Annual Allowance, unless you buy an investment-linked or flexible annuity where your income could go down.</p>
Draw a pension income directly from your Penfold Pension. This is often called “drawdown”, “flexi-access drawdown” or “income withdrawal”	<p>You may designate some or all of your Penfold Pension into drawdown. Drawdown monies remain invested and you can draw as much or as little income from it as you wish, when you wish (subject to the Terms and Conditions). The income you draw from drawdown will be subject to income tax at your marginal rate.</p> <p>Note: the Money Purchase Annual Allowance is triggered when you first drawdown an income but there is no obligation to draw an income.</p>
Uncrystallised Funds Pension Lump Sum	<p>You may use some or all of your Penfold Pension to pay you this type of lump sum. 25% of the lump sum is tax free, the remainder will be subject to income tax at your marginal rate.</p> <p>Note: taking this lump sum will trigger the Money Purchase Annual Allowance.</p>
A combination of the above to meet your individual requirements	<p>You could take a combination of the benefits described above and you do not have to take benefits all in one go. An annuity can be purchased from your Penfold Pension even if some funds are in drawdown. The way in which you take benefits is flexible and can be structured to meet your individual requirements.</p>

## When can I take benefits?

You may take benefits from your Penfold Pension from minimum pension age (currently age 55). You may also take benefits earlier if you suffer illness or an accident which leaves you permanently unable to carry out your current occupation and you cease that occupation.

It is strongly recommended that prior to accessing your pension benefits you seek advice from a suitably qualified financial adviser or obtain guidance from Pension Wise.

On death, different tax treatments apply depending on whether you die before or after 75 - please see the section 'Death benefits from your pension plan' below.

## Death benefits from your pension plan

### What if I die?

The paragraphs below summarise the benefits payable (assuming an annuity has not been purchased). Benefits are payable in accordance with the Scheme Rules.

#### What benefits can be provided?

All of your Penfold Pension is available to provide your beneficiaries with a lump sum payment or a beneficiary drawdown fund or an annuity.

#### Who can receive a lump sum payment?

Most types of relations or people you have specified can qualify as an eligible beneficiary for lump sum death benefits under the Scheme Rules. Penfold will use its discretion to choose who to make the payments to, having made reasonable enquiries to identify your eligible beneficiaries. It is highly recommended that you complete and keep updated an "Expression of Wish" setting out who you would like your beneficiaries to be. Whilst it cannot be binding, your Expression of Wish will be taken into consideration.

#### Who can have a beneficiary drawdown fund or annuity?

Selected beneficiaries of the lump sum death benefit may prefer to take the benefit in the form of income via a beneficiary drawdown fund or annuity. Where the selected beneficiary is your spouse, civil partner or financial dependant they will have this option. For other beneficiaries, this option will only apply if you have previously nominated them for the income option, or where you have made no nominations and you have no spouse, civil partner or financial dependants.

## How are death benefits claimed?

To claim death benefits, the person dealing with your affairs should contact Penfold at the address shown at the end of this document. They will confirm the

information needed to pay the benefits as quickly as possible.

## Are death benefits taxable?

- **Death before age 75:** Benefit payments are not subject to income tax provided the lump sum is paid or the beneficiary drawdown fund or annuity is set up within two years from the date of notification of death to Penfold. If benefits exceed the Lifetime Allowance, then the recipients of the death benefits will be personally liable to pay the Lifetime Allowance charge to HMRC.
- **Death after age 75:** Benefit payments are subject to income tax at the recipient's marginal rate.
- **Inheritance tax:** This is not normally payable although it may arise in the event that payments are made to your estate.

## Is my pension fund taxable?

Pension funds do not pay UK taxes on income or capital gains. However, tax cannot be reclaimed on UK and some overseas dividends.

## Further information

### Can I cancel my Penfold Pension?

You have a legal right to cancel your Penfold Pension if you change your mind within 30 days.

If you want to cancel your Penfold Pension, you should email Penfold at the address shown at the end of this document within the 30 day cancellation period. The Penfold Pension cannot be cancelled once the 30 days have elapsed.

The right to cancel applies to the commencement of Penfold Pension, on all transfers into Penfold Pension and to commencing income withdrawal for the first time.

If you decide to cancel your Penfold Pension, any contributions will be returned to you less any tax relief claimed on your behalf, which will be returned to HMRC. Where you cancel your Penfold Pension in respect of a transfer from another pension scheme, the transferring scheme may not agree to accept back your transfer value or may only accept it on revised terms which are not acceptable to you, in which case you will be responsible for finding an alternative scheme to transfer the funds to.

In the event of cancellation, the net realisable value of any assets purchased and subsequently disinvested will form the basis of the amount returned. This means that having taken into account any fees or charges paid in relation to the investment and any price movements (particularly downwards), you may get back less than you originally invested.

## What if I have a query or complaint?

If you have a query or complaint, please contact Penfold via telephone, email or webchat via our App using the contact details available at the end of this document. If you have a complaint Penfold will do all it can to resolve it. Details of the complaint handling process are available on request and on the Penfold Website.

If you are not happy with the response and you wish to take the matter further you can refer it, without giving up any other rights you may have, to one of the following:

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
E14 4PU  
Telephone number: 0800 917 4487  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR  
Telephone number: 0800 023 4567  
[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## Where can I find more information?

Please contact Penfold. Its contact details can be found at the end of this document.

## Can I get an illustration of benefits?

At the start of your Penfold Pension, an illustration giving details of the potential benefits and costs will be supplied or on request prior to your Penfold Pension commencing. We will also issue an annual personalised statutory money purchase illustration. We will also provide you with a personalised illustration when you decide to take benefits from your Penfold Pension.

## Compensation

The Financial Services Compensation Scheme (FSCS) may provide protection if Penfold cannot meet claims made against it or if investments or money cannot be returned.

If you are eligible, the maximum level of compensation for claims against firms declared in default on or after 1st April 2019 is £85,000 per person per firm. Further information about compensation arrangements is available from the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk).

Personal pensions are regulated contracts in their own right and hence are covered by the FSCS. Investments with regulated investment providers or insurance companies will be covered separately under the FSCS.

Those companies will provide information about the levels of cover provided.

Your status under the FSCS does not affect any statutory right you may have to compensation.

## Terms and conditions

This Key Features Document gives a summary of the Penfold Pension. It does not include all the definitions, exclusions or terms and conditions. The full contractual terms are set out in the Scheme Rules and the Penfold Pension Terms and Conditions, both of which are available on the App. If you would like clarification of any of the information provided in this document, please contact Penfold at the email address shown at the end of this document.

### Contacting the Penfold Pension

The Administrator and Operator of the Penfold Pension is Penfold Savings Limited and the Trustee of the Penfold Pension is Penfold Trustees Limited, both of whom can be contacted at:

Address: Penfold, Uncommon Borough, 1 Long Lane, London, SE1 4PG

Email: [hello@getpenfold.com](mailto:hello@getpenfold.com)

Telephone: 0208 003 5908

Website: [www.getpenfold.com](http://www.getpenfold.com)

You can also contact us via webchat in the App, which you can access using the iPhone or android app on your mobile phone, or via our Website at [www.getpenfold.com](http://www.getpenfold.com).

Penfold<sup>®</sup> is a trading name of Penfold Savings Limited whose registered office is Uncommon Borough, 1 Long Lane, London, SE1 4PG and is registered in England and Wales (Company Number 11668244). Penfold Savings Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number: 826097).

Seccl Custody Limited is registered in England and Wales (Company Number: 10430958), and authorised and regulated by the Financial Conduct Authority (Firm Reference Number: 793200).

You can check out these details on the Companies House website at [www.gov.uk/government/organisations/companies-house](http://www.gov.uk/government/organisations/companies-house) and the FCA's website at [www.fca.org.uk/register](http://www.fca.org.uk/register).